

Fee for Service Rate Methodology Workgroup

MEETING NOTES

Date: August 30, 2005 (Tuesday)

Time: 1:00 p.m. – 3:00 p.m.

Where: Capitol Common - Conference Room E
400 S. Pine
Lansing, MI 48933

Attendees: Lynn Borck (Lapeer), Michael DeVault (Macomb), Bruce Elkins (Detroit), Bud Ferguson (Ottawa), Jan Frederick (St. Clair), Linda Garvin (Oakland), Julie Greenway (CMS), Toni Hornberger (MDCH), Sean Huse (PCG), Amy Jarboe (PCG), Terry Latimer (Macomb), Maryann Lorkowski (St. Clair), Deb Marshall (Genesee), Mary Ann McGuire (CMS), Kathy Merry (Wayne), Pam O'Farrell (MDCH), Liz Patrick (Ingham), Robert Readler (Oakland), Jane Reagan (MDE), Frank Schwartz (Kent), John Shaughnessy (PCG), Michelle Simmons (PCG), Carol Sink (Berrien), Linda Sowle (MDCH), Dave Stirdivant (MDCH), Ann Walton (Calhoun), Anne Werner (Kent), Thomas Koepke (Macomb), Jeff Siegel (Berrien)

Handouts: PCG Presentation
Relative Value Unit (RVU) White Paper

Highlighted areas are tasks to be completed prior to next meeting.

- Review Supplemental SE-4096 Data Request Participation
 - A review of the ISDs that submitted the Supplement SE-4096 data requests.
 - While not all ISDs responded, the data that was received was representative enough to use for modeling purposes.
 - ◆ Lynn Borck indicated that her data submissions were not recognized in the sample.
 - ◆ Amy Jarboe will follow up on this.

- Billable Units Factor
 - This is used to determine the amount of direct, face-to-face service time.
 - It is the percentage of time that is spent doing direct service with a student, evaluating a student and working towards the goals of the student.
 - The Activity Code 13 (Direct Medical Services) was analyzed and categorized into four areas:
 - ◆ Face-to-face services.
 - ◆ Evaluation and report writing.
 - ◆ Pre and post time (i.e. Medicaid billing documentation, traveling in car).
 - ◆ Case management.
 - All categories were considered "billable activities except the pre and post time.
 - One Units = one moment.
 - The Billable Units Factors range from 63% for Orientation and Mobility Specialists to 94.1% for Psychologists.
 - The Workgroup feels that using the AOP time study may not be representative of the direct care side of the program. They would like this issue left open for discussion and possible development of a Fee For Service specific time study methodology.

- Indirect Cost
 - PCG looked at methodologies utilized in other states to capture indirect cost.
 - Other states do not have the same connection between the funding for the School Lunch Program and the Indirect Cost Rate.
 - PCG's Indirect Cost Rate proposal would include:

Fee for Service Rate Methodology Work Group Meeting Notes

June 28, 2005

Page 2 of 2

- ◆ Administrative Expense.
 - ◆ Operations and Maintenance
 - ◆ Capitol
 - This methodology is OMB A-87 compliant and follows the same methodology as utilized in the Hospital and Long Term Care settings.
 - Julie Greenway will present this to CMS Central Office.
 - ◆ RESPONSE FROM JULIE – “I have been communicating with our Central Office regarding the possibility of developing an administrative/operating overhead rate to be used instead of the DOE indirect cost rate and have found out the following: Central Office is stating that the DOE indirect cost rate MUST be used in developing the State's reimbursement methodology. Several other States have submitted information to develop their own rates that have resulted in unreasonably high rates. Therefore, to maintain consistency, CMS is using requiring the use of the rate approved by the cognizant agency. They are using the standard requirement that any methodology to reimburse costs should be consistent with effective and economic program delivery and it is more economic to use a rate that has already been developed and approved.”
 - The formula for the Administrative and Operating rate would be:
 - ◆
$$\text{FID Administrative, Operating, Capital and Debt Service Expense} / \text{FID Total Expenses} - \text{FID Administrative, Operating, Capital and Debt Service Expense.}$$
 - Operating cost referenced = Operations and Maintenance
 - Per Mr. DeVault his group will take a look at the proposal and give us their final input.
- Relative Value Units
- This approach would allow complete cost-based rates.
 - ◆ Conversion Factor = base rate (cost per 15 min. unit of time)
 - ◆ RVU = the weight (the amount of resources, intensity and insurance cost of specific procedure codes).
 - This methodology would not require the ISDs to change their billing systems and could be processed through the Medicaid Invoice Processing System with no problem. There are certain procedure codes that do not have RVUs assigned to them. These codes would have to utilize a different methodology.
 - 1,096 hours were used for the “Total Potential Units Per Year” since this is the mandated number of student instruction hours required per year.
 - PCG is going to look at the conversion factor again to make sure that it is reflective of all costs.
- PCG has proposed the following four options for reimbursement methodologies:
- Relative Value Units Based On ISD Specific Conversion Factors.
 - Relative Value Units Based On CPT (Procedure Code) Specific Conversion Factors.
 - Time Based Clinician Rates Using Aggregate Time Study Data.
 - Time Based Clinician Rates Using Clinician Specific Time Study Data.
- Next Steps
- Work on a rate methodology for Case Management and Personal Care Services.
 - Do a narrative of the methodology.
 - De-link the AOP time study.
 - Develop an approach to the time based codes.
 - Prepare a white paper on the Indirect Cost Rate.

Next meeting September 20, 2005